

Chapter: Regionalization and County Grants	Effective Date: August 15, 2020
Title: Independent Financial Audit	Page: 1 of 4
Implements/Statutes: UGMS and the TJJD State Aid and Targeted Grants Contract	Replaces: N/A

(a) **Purpose.**

TJJD ensures that grantees follow the accounting, reporting, auditing, and financial assurance requirements contained in the State Aid and Targeted Grants Contract (contract) and maintain supporting fiscal documents adequate to ensure that claims for grant funds are in accordance with applicable TJJD and State of Texas requirements, including, but not limited to, Uniform Grant Management Standards (UGMS) set by the Texas Comptroller.

(b) **Independent Financial Audit.**

- (1) The **county grants monitor (monitor)** issues TJJDs independent financial audit requirements to all juvenile probation departments (JPDs) by September 30th of each year.
 - (A) The **monitor** creates a draft of the requirements and submits them to the **regionalization and county grants manager (manager)** by August 1st of each year.
 - (B) The **manager** reviews the draft requirements and provides feedback to the monitor.
 - (C) The **monitor and manager** continue to communicate to make changes to the draft requirements, as needed, and finalize the requirements by September 15th.
 - (D) The **monitor** publishes the final audit requirements no later than September 30th by:
 - (i) sending a pdf document titled *Audit Requirements for Fiscal Year XXXX* to each individual JPD or the 'Juvenile Probation Counties' email distribution list; and
 - (ii) requesting the TJJD webmaster to publish the *Audit Requirements for Fiscal Year XXXX* to the General Grant Forms section of TJJDs public website.
- (2) The **manager** determines which JPDs are eligible for a waiver of the independent financial audit due during the current fiscal year under the contract requirements by October 10th of each year.
 - (A) Eligibility for each JPD is determined through a risk assessment that considers the following elements of risk:
 - (i) the amount of state grant funds expended;
 - (ii) adherence to grant reporting deadlines;
 - (iii) results of the most recent independent financial audit;
 - (iv) results of the most recent grant monitoring review; and
 - (v) length of time since the last independent financial audit.

- (B) The **manager** obtains the data for the fiscal year due to be audited under the contract requirements that is necessary to complete the waiver risk assessment:
- (i) The **county grants coordinator (coordinator)** provides the following information:
 - (-a-) JPD expenditures, minus reimbursed amounts;
 - (-b-) the number of grants awarded; and
 - (-c-) adherence to fiscal reporting requirements.
 - (ii) The **research department** provides adherence to Annual Survey reporting requirements.
 - (iii) The **JCMS Support department** provides adherence to Electronic Data Interface (EDI) reporting requirements.
 - (iv) The **monitor** provides the following information:
 - (-a-) results of the most recent independent financial audit;
 - (-b-) results of the most recent grant monitoring review; and
 - (-c-) length of time since the last independent financial audit was completed.
- (C) The **manager** completes the risk assessment process by:
- (i) entering the data in the risk assessment spreadsheet;
 - (ii) saving the final risk assessment results in the contract documents file for the applicable biennium in the “Other Forms” folder; and
 - (iii) informing the Coordinator and Monitor that the risk assessment is completed.
- (3) The **coordinator** notifies each JPD that is eligible for a waiver of the independent financial audit requirement by October 15th of each year by:
- (A) sending an email to each JPD; and
 - (B) saving the email to each JPDs grant contract file for the applicable biennium.
- (4) The **monitor** receives completed independent financial audit reports from JPDs and reviews for completeness and any noted material weaknesses or failures to adhere to grant requirements.
- (A) Upon receipt of the final independent audit report from a JPD, the **monitor** reviews the report for completeness, compares the report information with TJJD grant manager information and determines if any additional information is needed from the JPD.
 - (i) If the report is complete and accurate and no material weaknesses, required refunds or other concerns are noted in the report, the **monitor** sends an

Independent Audit Acceptance Letter (PCS-004) to the chief juvenile probation officer (CJPO) of the JPD.

- (ii) If the report is incomplete or has identified inaccuracies, material weaknesses, required refunds or other concerns, the **monitor** sends an Independent Audit Additional Information Letter (PCS-005) to the CJPO to request the JPD to:

- (-a-) submit any missing or clarifying information needed;

- (-b-) provide a plan for addressing the material weakness(es) or other identified concern(s) from the report; and/or

- (-c-) provide a due date to submit the required refunds identified in the report to TJJD.

- (B) The **monitor** maintains a tracking log of the independent audit reports received that provides:

- (i) the date the initial report was received;

- (ii) the date of requests for additional information or acceptance letter sent to the JPD;

- (iii) any issues identified in the report; and

- (iv) date of expected resolution for any outstanding issues from the independent audit process (i.e. waiver of matching funds, refunds, additional information, corrective action plans, follow up monitoring, etc).

- (C) The **monitor** communicates with the coordinator to ensure:

- (i) JPD requests for waiver of matching fund requirements have been submitted and approved/denied by TJJD; and

- (ii) required refunds are received.

- (D) The **monitor** communicates with the manager regularly beginning one week after the independent financial audit reports are due to provide updates on the status of reports received and coordinate any follow up actions needed on material weaknesses or areas of concern.

- (i) JPD receives a noncompliance message from TJJD within 72 hours of the March 1st deadline;

- (ii) JPD is instructed to provide a timeline for submission of delinquent report to TJJD due to TJJD by March 15th; and

- (iii) JPD's failure to meet its disclosed timeline will warrant a noncompliance message to all signatories on the grant contract.

- (E) The **manager** ensures all JPDs are compliant with the independent financial audit requirement.
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